

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: 07/03/2012
POSITION: Oppose
SPONSOR: Wiseburn School District

BILL NUMBER: SB 477
AUTHOR: Wright, Roderick

BILL SUMMARY: School district reorganization: bonded indebtedness: Wiseburn Unified School District: Centinela Valley Union High School District.

This bill would address the allocation and repayment of existing bond indebtedness, the methodology for determining school district debt capacity, and the methodology for calculating a new revenue limit arising from the creation of the Wiseburn Unified School District (WUSD) by unifying Wiseburn Elementary School District (WESD) and a portion of the Centinella Valley Union High School District (CVUHSD).

FISCAL SUMMARY

This bill would create Proposition 98 General Fund costs of approximately \$520,000 by requiring the Superintendent of Public Instruction to calculate the WUSD's base revenue limit using a weighted grade span average methodology rather than the current weighted per-Average Daily Attendance (ADA) methodology.

COMMENTS

The Department of Finance is opposed to this bill for the following reasons:

- This bill is inconsistent with current law by requiring the calculation of a blended revenue limit using a weighted grade span average rather than a weighted per ADA average. This alternative calculation would result in Proposition 98 General Fund costs of approximately \$520,000. Current law provides a sufficient methodology for calculating base revenues limits for reorganized school districts.
- This bill would create an undesirable precedent for the use of unique revenue limit calculations that may inequitably distribute educational funds among local educational agencies by explicitly authorizing a unique revenue limit calculation for the WUSD. The Administration believes comprehensive reform, such as the implementation of a weighted student formula that funds local educational agencies based on the students they serve, would more equitably distribute education funds.

ANALYSIS

1. Programmatic Analysis

Current law authorizes school districts to combine if specified conditions for requesting a reorganization are first met. Once those conditions are met, and a vote of the electorate occurs, a newly reorganized school district's base revenue limit is calculated based on a prescribed weighted formula designed to ensure that the new blended revenue limit is as fiscally neutral as possible, while allowing the proposed district to reflect salary and benefit costs of the district with the highest average salary and benefit costs prior to reorganization. This bill intends to address two primary concerns: (1) that the blended revenue limit for the newly formed WUSD would not reflect students from the WESD that currently attend a charter high school located within the WESD, and (2) that the methodology for levying taxes for the repayment of voter authorized bonds of the current WESD and

Analyst/Principal (0342) C.Ferguson	Date	Program Budget Manager Nicolas Schweizer	Date
Department Deputy Director		Date	
Governor's Office:	By:	Date:	Position Approved _____ Position Disapproved _____
BILL ANALYSIS			Form DF-43 (Rev 03/95 Buff)

BILL ANALYSIS--(CONTINUED)**Form DF-43****AUTHOR****AMENDMENT DATE****BILL NUMBER**

Wright, Roderick

07/03/2012

SB 477

ANALYSIS (continued)

CVUHSD is unclear and could result in residents of the WUSD being taxed for authorized, but unsold bonds that would otherwise provide no benefit to the WUSD.

This bill would address the allocation and repayment of existing bond indebtedness, the methodology for determining school district debt capacity, and the methodology for calculating a new revenue limit arising from the creation of the WUSD by unifying the WESD and a portion of the CVUHSD.

2. Fiscal Analysis

This bill would create Proposition 98 General Fund costs of approximately \$520,000 resulting from the alternative blended revenue limit calculation. The WESD currently has a 2011-12 base revenue limit of \$6,382 and ADA of 2,477. The CVUHSD has a 2011-12 base revenue limit of \$7,481 and ADA of 6,127. Assuming 421 ADA (15 Percent of the WESD ADA) from the WESD annually matriculates to the CVUHSD, current law would produce a blended revenue limit of approximately \$6,541 per ADA. However, this bill proposes an alternative calculation that produces a base revenue of \$6,720 per ADA. Therefore, this bill results in approximately \$520,000 in additional Proposition 98 General Fund revenue limit costs assuming the WUSD would have 2,898 ADA.

	SO	(Fiscal Impact by Fiscal Year)							
Code/Department	LA	(Dollars in Thousands)							
Agency or Revenue	CO	PROP					Fund		
Type	RV	98	FC	2012-2013	FC	2013-2014	FC	2014-2015	Code
6110/Dept of Educ	LA	Yes	C	0	C	520	C	520	0001